


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: January 31, 2012

SUBJECT: Fiscal Impact Statement – “Capital Area Food Bank Loan Forgiveness
Emergency Act of 2012”

REFERENCE: Draft Bill shared with the Office of Revenue Analysis on January 30,
2012

Conclusion

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the bill.

Background

The bill authorizes the Department of Housing and Community Development (DHCD) to forgive a \$2.5 million loan to the Capital Area Food Bank (CAFB). The loan was made in 2005 and secured with a lien on CAFB’s 645 Taylor Street, N.E. property. CAFB and DHCD later agreed the loan could be repaid through public service benefits to the Washington, D.C. community.¹ CAFB fulfilled its obligation to repay DHCD for the value of the loan in 2007 after it had provided 11,750,000 pounds of food to the community.²

Financial Plan Impact

Funds are sufficient in the FY 2012 through FY 2015 budget and financial plan to implement the bill. The bill does not have an impact on the District’s budget and financial plan, but authorizes

¹ Letter from the Director of DHCD to CAFB authorizing CAFB to stop making cash payments on the loan and to repay the loan through the provision of public service benefits, dated March 14, 2006.

² Letter from the Director of DHCD to CAFB acknowledging fulfillment of loan repayment obligations, dated July 12, 2007.

The Honorable Kwame R. Brown

FIS: "Capital Area Food Bank Loan Forgiveness Emergency Act of 2012," as shared with OCFO on January 30, 2012

DHCD to remove a loan from its books that has been repaid by CAFB according to the terms of its agreement with DHCD.

The loan is currently on DHCD's books as outstanding because the Office of the Chief Financial Officer determined it could not be considered paid and removed under existing authority. Since CAFB has fulfilled its obligations to DHCD under its loan agreement, only the legal authority from this bill to declare the loan repaid is sufficient to remove the loan as a receivable from DHCD's books and to release the lien on the Taylor Street property. Because the loan is considered to have been repaid through the provision of public service benefits to the community by CAFB, the District does not currently expect any payment from CAFB so there is no fiscal impact to authorizing the forgiveness of the loan.